



Director of
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OPEC: Organization in Disarray

Nigerian announcement on Saturday of an oil price cut of \$5.50 per barrel has caused a flurry of activity among OPEC members seeking to counter the move. [redacted]

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Indonesia is calling for another emergency meeting before Friday [redacted]

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[redacted] an authoritative Saudi newspaper reports that Gulf members of the Gulf Cooperation Council may be on the verge of announcing price cuts of \$5.50 to \$7 per barrel. Oil Ministers of the Council are scheduled to meet today. [redacted]

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Comment: The extent of the Nigerian cut--in combination with Lagos's excess production capacity of about 1.5 million barrels per day--threatens even an OPEC benchmark price of \$30 per barrel and increases the possibility of a price war among the world's oil exporters. A cut of \$7 per barrel by the Gulf producers would be needed to prevent a further exodus of buyers to Nigeria but would invite Lagos to carry out its threats of further cuts. A lesser cut would cast the oil policy of the Gulf states as being dictated by Nigeria and would be politically unacceptable. [redacted]

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OPEC will have to act quickly and decisively to formulate an orderly pricing and production plan to cope with current market conditions. Delay will only encourage further reticence by buyers and increase pressures on other financially pressed producers to cut prices unilaterally. [redacted]

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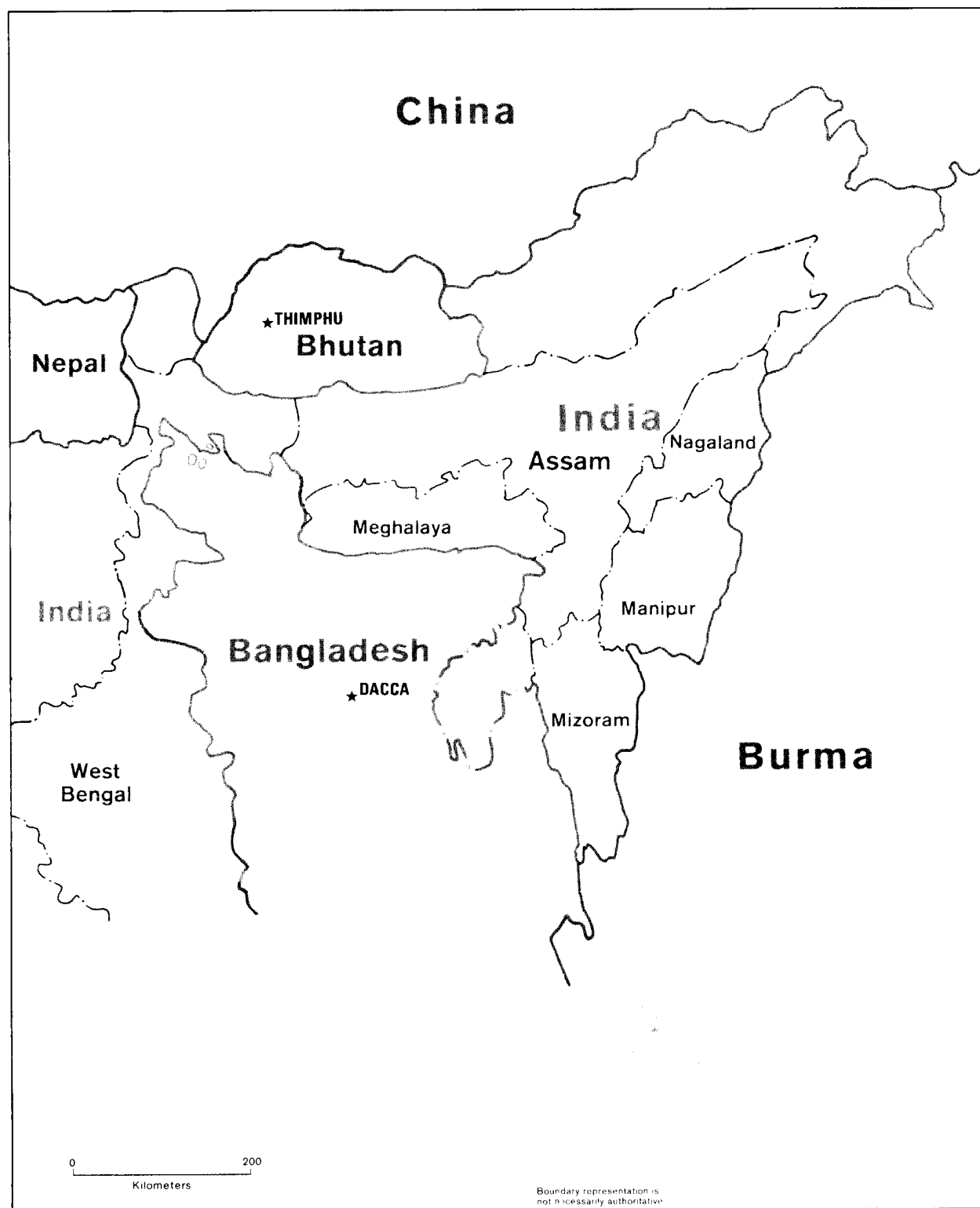
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INDIA: Violence in Assam

Prime Minister Indira Gandhi's Congress Party is well ahead in early returns for elections in Assam and Meghalaya, but her expected victory will be overshadowed by the continuing protests and tainted by the relatively low turnout in Assam. [redacted]

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Intercommunal rioting in Assam slackened somewhat as the elections drew to a close, although 31 deaths were reported yesterday. Of more than 1,000 deaths reported this month, most occurred in the massacre Friday.

[redacted]

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The central issue has been Assamese student leaders' demands that several million ethnic Bengalis be expelled from voting rolls and deported. Many Assamese fear that their majority in the state eventually will be wiped out by the influx of immigrants from both India's West Bengal state and Bangladesh. The Bengalis are blamed for taking jobs and land from the indigenous Assamese.

[redacted]

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The last round of government talks with Assamese leaders broke down in January. Gandhi went ahead with state legislative elections in accordance with a constitutional provision requiring elections within a year of President's Rule, which was declared last March. Assamese regional parties and the major national opposition parties supported an election boycott called by student leaders.

[redacted]

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Comment: The indiscriminate violence results from long-simmering ethnic and religious tensions, aggravated by competition for scarce resources. The US Consulate in Calcutta has reported clashes between Bengali and Assamese Hindus as well as between Muslims and Hindus. The Army, which has intervened three times this month, probably will play a major role in trying to restore public order.

[redacted]

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The election results provide little indication of Gandhi's national standing. If the Assam problem is not solved soon, anti-Bengalis in the state probably will increase their demands for greater autonomy. Some states neighboring Assam along the Burmese border already have smoldering separatist movements.

[redacted]

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ZIMBABWE: Government Actions Against Nkomo

The government's actions over the weekend against opposition leader Joshua Nkomo are the latest steps in its campaign against the Zimbabwe African People's Union. [redacted]

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As he was about to leave the country on Saturday for an international conference, Nkomo was detained by police for eight hours. His passport was confiscated, and he was again questioned by the police yesterday. According to the US Embassy, he may be charged with serious crimes based on evidence presented at the current treason trial of two of his former military aides. [redacted]

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Comment: Nkomo's release after a few hours probably was intended to avoid a greater confrontation now while keeping open the possibility of future action. Nonetheless, government hardliners will continue to press for a firmer stance toward ZAPU and for Nkomo's arrest, particularly in view of his recent public condemnation of the regime for atrocities against civilians. [redacted]

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The government's actions against the Ndebele minority in the southwest have already made a peaceful resolution of the country's security problems difficult. [redacted]

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BRAZIL: Devaluation Poses Risks

Opposition politicians have blasted the 30-percent devaluation announced on Friday, and major industrialists and some leading newspapers are predicting dire economic consequences. The domestic criticism is intense despite the government's explanation that the exchange rate adjustment was necessary to improve the country's external accounts. [REDACTED]

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Comment: The speed with which the action was taken indicates Brasilia recognizes the near crisis proportions of the situation. If bankers perceive the devaluation as a desperation measure, the interbank markets may be disrupted again, increasing the likelihood of a moratorium on debt repayments. The move initially will boost import costs more than export earnings, thereby worsening Brazil's trade position, triggering a strong burst of inflation, and making debt servicing more onerous. [REDACTED]

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PORTUGAL: Center Democrats Elect Leader

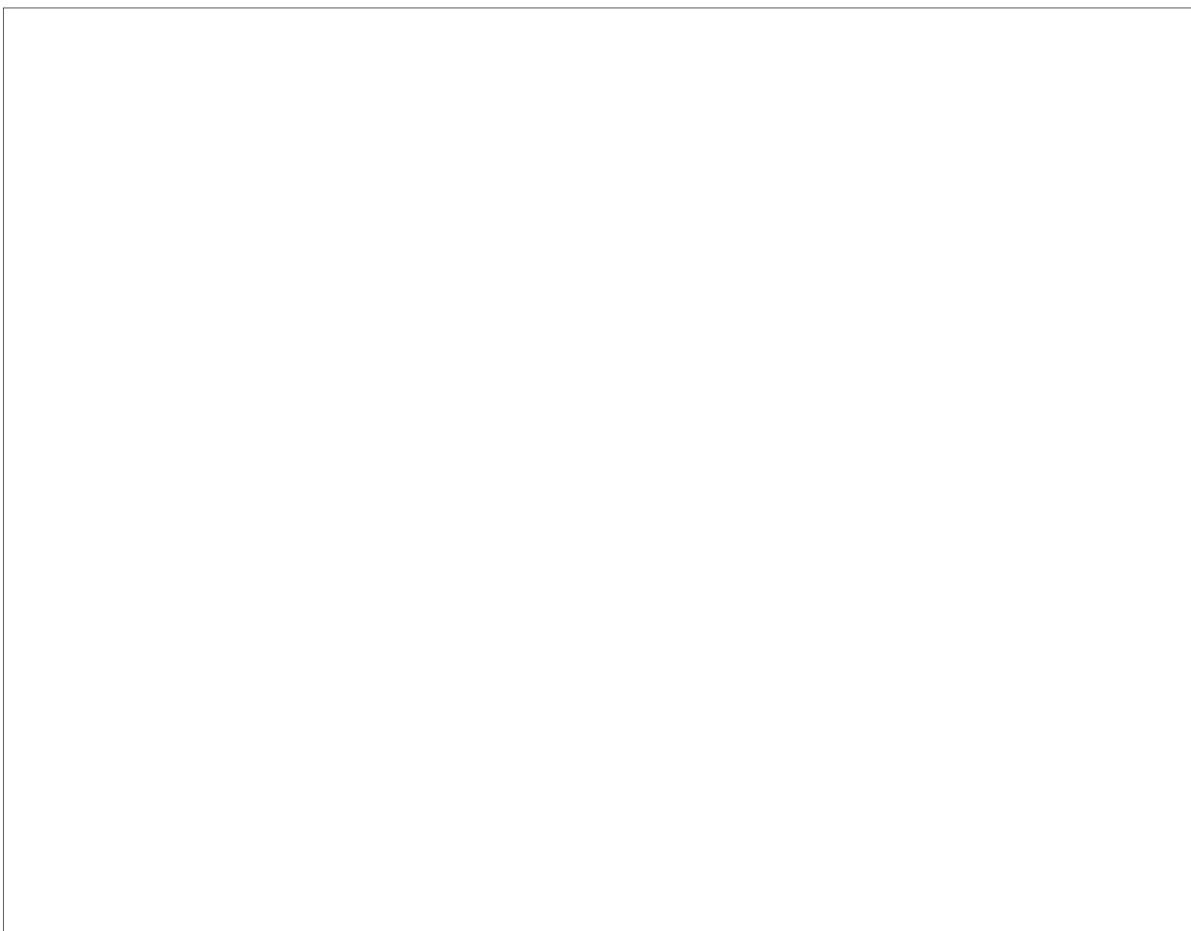
Culture Minister Lucas Pires won the presidency of the Center Democratic Party over the strong favorite, Luis Barbosa, at the party congress last weekend. Maneuvering began early last month, immediately after former Deputy Prime Minister Freitas do Amaral shocked the Center Democrats with his resignation. [redacted]

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Comment: Lucas Pires has been a divisive force in the party and conciliatory toward President Eanes, whom many Center Democrats view as their enemy. He is the ranking centrist in the party, and his accession to power probably will prevent the rightward drift that was anticipated without Freitas do Amaral's moderating influence. Still unclear is whether Lucas Pires can recoup the significant loss of public support for the party that followed Freitas do Amaral's resignation. [redacted]

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USSR-IRAN: Soviet Criticism

An unsigned *Pravda* article on Saturday was Moscow's first authoritative comment on the arrest of Iranian Communist leaders late last month. It dismissed the spying charges against them, blamed reactionaries for trying to undermine Iranian progressives and Soviet-Iranian ties, and admitted the anti-Soviet campaign in Tehran is "clouding" relations between the two countries. This commentary follows recent condemnations of the growing power of Iran's clergy and unsuccessful Soviet diplomatic protests against the expulsion of a TASS correspondent and the desecration of the Soviet flag.

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Comment: Direct expressions of Soviet frustrations over Iranian policies have multiplied since December. Although Moscow thus far has acquiesced in Tehran's crackdown on the Communists, the Soviets continue to assail Iran's continuation of the war with Iraq and its aid to Afghan rebels. Soviet commentators have refrained from direct attacks on Ayatollah Khomeini, however, and have left open the possibility of improved relations.

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USSR-ANGOLA: Delivery of SA-8s

The USSR has delivered SA-8 mobile air defense missiles to Angola. [REDACTED]

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[REDACTED] Angola is one of only a few Third World countries--and the first in Sub-Saharan Africa--to receive SA-8s. [REDACTED]

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Comment: The SA-8s probably will be more effective than the air defense weapons that already are in Angola, primarily because the new missiles and associated radars are mounted on a single vehicle that has good cross-country mobility. They are likely to be based at garrisons along the Mocamedes-Menongue railroad, which forms Angola's main defensive line against South African incursions. The launchers could be moved rapidly from these garrisons to forward defensive positions, thereby presenting an increased threat to South African air operations. Cuba does not have SA-8s, and Soviet specialists probably will play a central role initially in training and maintenance and might help operate the system. [REDACTED]

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SOUTH AFRICA - NAMIBIA: SWAPO Infiltration

Officials in Pretoria claim that security forces have killed at least 96 of some 500 SWAPO guerrillas who recently infiltrated into northern Namibia. The South Africans also claim that several hundred more guerrillas are preparing to enter Namibia from Angola. Foreign Minister Botha has said that the infiltration reduces the possibility of a cease-fire with Angola, and Pretoria has downgraded the delegation it plans to send to Cape Verde for bilateral talks with Angolan officials this week. [REDACTED]

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Comment: If the South African claims are true, this is the largest number of guerrillas ever to infiltrate Namibia. Pretoria is likely to use this to justify large followup operations into southern Angola. [REDACTED]

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Soviet Winter Grains Region



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USSR: Reduction in Winter Grains

Recent Soviet press reports state the area sown to winter grains is 3.5 million hectares, 8.6 million acres, or nearly 10 percent less than planned. The area--roughly 32.5 million hectares--is the smallest in 10 years. The Soviets say inadequate soil moisture at sowing time reduced the area planted. The press also reports plans to make up the deficit by increasing the area sown to spring grains. [redacted]

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Comment: The high-yielding winter grains area of the Ukraine and North Caucasus was most affected. [redacted]
[redacted] data shows near drought conditions existed there at sowing time last fall. The reduced plantings greatly lower prospects for winter grains, which usually make up nearly one-third of total production. The success of the plan to compensate for the winter grain shortfall by increasing the area sown to spring grains will depend on favorable weather this spring and on the availability of adequate seed and agricultural equipment.

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